

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -JUNE 15, 2010- -7:00 P.M.

Mayor Johnson convened the meeting at 7:37 p.m. Councilmember Matarrese led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam and Mayor Johnson – 5.

Absent: None.

AGENDA CHANGES

None.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY & ANNOUNCEMENTS

(10-276) Proclamation Recognizing Contributions to the City by Gay and Lesbian Residents and Encouraging the Community to Recognize These Contributions, Particularly During the Month of June, Gay Pride Month.

Mayor Johnson read and presented the proclamation to Debra Arbuckle.

Ms. Arbuckle thanked Council for the recognition.

Tracy Zellenger, Alameda, stated that she has lived in Alameda with her family for almost ten years and has been with her partner for thirteen years; she enjoys the diversity in Alameda and appreciates the City's acceptance of the gay community.

CONSENT CALENDAR

Mayor Johnson announced that the Ordinance Approving Amendment to Master Plan MP05-01 [paragraph number 10-288] was removed from the Consent Calendar for discussion.

Councilmember Tam moved approval of the remainder of the Consent Calendar.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote – 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*10-277) Minutes of the Regular City Council Meeting held on June 1, 2010. Approved.

(*10-278) Ratified bills in the amount of \$2,874,733.

(*10-279) Recommendation to Approve an Agreement with Holland + Knight, LLP, in the

Amount of \$96,000 for Federal Legislative Advocacy Services. Accepted.

(*10-280) Recommendation to Accept the Boys & Girls Club Joint Use Agreement. Accepted.

(*10-281) Recommendation to Award a Contract in the Amount of \$95,110, Including Contingencies, to PSOMAS Consulting Civil Engineers for an Assessment of Existing Storm Drain Pump Stations, No. P.W. 05-10-13. Accepted.

(*10-282) Recommendation to Award a Contract in the Amount of \$93,380, Including Contingencies, to Fehr Engineering for Design Services for the Sewer Pump Station Backup Generator Project, No. P.W. 04-10-10. Accepted.

(*10-283) Recommendation to Award a Contract in the Amount of \$147,552, Including Sales Tax and Contingencies, to Resource and Design, Inc. for Furnishings for the Neighborhood Library Improvement Project, No. P.W. 10-09-29. Accepted.

(*10-284) Recommendation to Award a Contract in the amount of \$227,853, Including Contingencies, to Golden Bay Construction, Inc. for Culvert Reconstruction at Various Locations, No. P.W. 02-10-04. Accepted.

(*10-285) Recommendation to Appropriate \$300,000 in Community Development Block Grant Funds and Award a Contract in the Amount of \$2,731,365, Including Contingencies, to Gallagher & Burk, Inc. for the Repair and Resurfacing of Certain Streets, Phase 29, No. P.W. 02-09-06. Accepted.

(*10-286) Resolution No. 14449, "Authorizing the Interim City Manager to Implement a City Wide Policy on Integrated Pest Management." Adopted.

(*10-287) Resolution No. 14450, "Authorizing the Interim City Manager to Submit a Grant Application to Caltrans for the Safe Routes to School Program for the Fiscal Year 2010/2011 Grant Funding Cycle, Use \$40,860 in Transportation Development Act, Article 3 Funds for the Local Match, and Execute All Necessary Documents." Adopted.

(*10-288) Resolution No. 14451, "Authorizing the City of Alameda Fire Department to Access Federal Level Summary Criminal History for Emergency Medical Technicians." Adopted.

(*10-289) Resolution No. 14452, "Authorizing Examination of Sales, Use and Transactions Tax Records." Adopted.

(10-290) Introduction of an Ordinance Approving Amendment to Master Plan MP05-01 for Grand Marina Village to Reduce the Number of Required Affordable Housing Units. Introduced.

Councilmember Tam inquired whether the City has financial analysis to show that

building ten out of forty units would not be economically feasible because there would be no tax increment funding.

The Deputy City Manager - Development Services responded Warmington Homes is not required to provide an economic analysis; stated the 2004 inclusionary housing requirement was reduced to 15% in 2009; staff is recommending the reduction for the Grand Marina project because of parity; the Grand Marina project is the only project in the City required to provide the 25% without any subsidy from the City; the priority is to get the project underway as quickly as possible as well improving the surrounding area.

Councilmember Tam inquired whether the parity would be within the Master Plan area and not Citywide, to which the Deputy City Manager - Development Services responded the parity would be Citywide.

Councilmember Tam stated Alameda Point requires a 25% inclusionary housing as a result of a settlement agreement; parity will never happen at Alameda Point.

The Deputy City Manager - Development Services stated Alameda Point is different because of the settlement agreement.

Vice Mayor deHaan inquired whether funding was available when Grand Marina considered relocating to Island High School.

The Deputy City Manager - Development Services responded the City did not provide financial assistance to help with the relocation.

Speakers: Lois Pryor, Alameda; and William Smith, Renewed Hope Housing Advocates.

Councilmember Gilmore stated the City reduced the inclusionary housing percentage so that developers would not be automatically entitled to incentives; inquired how staying with ten affordable units would impact the developer's use of the density bonus.

The Deputy City Manager - Development Services responded Warmington Homes has not submitted a density bonus application as part of the project.

Vice Mayor deHaan inquired whether the Planning Board provided a recommendation, to which the Deputy City Manager - Development Services responded in the affirmative.

Vice Mayor deHaan inquired whether the City's requirement is 15% by State redevelopment law, to which the Deputy City Manager - Development Services responded in the affirmative.

The City Attorney stated staff's thoughts for changing the inclusionary requirement from 25% to 15% is based on the way that the density bonus ordinance counts existing units within a development; the ordinance counts all units, including ones that the City requires under the inclusionary requirements, and if a developer could count 25%

affordable units towards entitlement, a density bonus option would be granted every time; the City could have chosen not to permit counting inclusionary units to get a density bonus or go with the Planning Board recommendation to count all units, which included rolling back the inclusionary requirement from 25% to 15% in order to avoid an automatic density bonus for every project.

The Deputy City Manager - Development Services stated Grand Marina would be subject to the 15% requirement if an application were submitted today.

Vice Mayor deHaan inquired whether any other developments are requesting an exclusion.

The Deputy City Manager - Development Services responded an Alameda Landing project has a 25% requirement, but the project has a lot of public assistance.

Councilmember Matarrese inquired whether the City has money to build affordable units in a development that would make up for going from 25% to 15%, to which the Interim City Manager responded in the affirmative.

Councilmember Matarrese inquired whether said scenario has been reviewed.

The Interim City Manager responded in the affirmative; stated upcoming projects would address affordable housing issues; reducing the number of affordable housing units to six seems like a reasonable recommendation knowing that the City has several projects which would require subsidies.

Councilmember Tam inquired whether construction would be delayed by the 25% requirement because financing would not be feasible.

The Interim City Manager responded the project would be able to go forward without a subsidy if four units were removed; stated the project has some failsafe mechanisms; contributions would need to be made to the housing in-lieu fund if deadlines are not met; the decision was not made in a vacuum.

Councilmember Tam requested confirmation on whether public subsidy would be needed to build four additional units.

Lincoln Leaman, Warmington Residential, stated financing does not cover affordable housing; cash flow is pretty limited; the project would be the only one that would not receive funding and would provide significant public infrastructure improvements.

Councilmember Tam stated the issue is broader than just the four homes out of forty units; others might want to seek similar arrangements.

Mr. Leaman stated building at 25% would make Warmington Homes eligible for a density bonus by building at 25%; Warmington Homes would not gain the benefit of a

density bonus; Warmington Homes was able to receive financing because of the ordinance change.

Councilmember Matarrese inquired what would be the delta between 25% and 15% as far as the project needing subsidy.

The Deputy City Manager - Development Services responded a very low income unit could have a \$250,000 subsidy.

Councilmember Matarrese inquired whether or not staff knew the amount with entitlement of ten affordable units.

The Deputy City Manager - Development Services responded staff did not require Warmington Homes to provide an economic analysis.

Councilmember Tam stated the 2004 resolution requiring the 25% inclusionary housing requirement was the basis for which calculations were performed; in 2009, the requirement dropped to 15% because of the density bonus ordinance.

The Deputy City Manager - Development Services stated the Warmington Homes project would be the only project that would be subject to the 25% requirement; staff is more concerned with starting the project, creating jobs, and getting assessed value for the City.

Councilmember Gilmore stated the matter is a tough balancing act in terms of job creation versus affordable housing; she can keep getting kicked down the road; that she is concerned that the last piece of property developed in Alameda would have to have all of the unbuilt affordable housing.

The Deputy City Manager - Development Services stated the concern is valid; another concern is that units might not be built if the requirement is not changed.

Vice Mayor deHaan inquired what is the incentive for building the houses.

The Deputy City Manager - Development Services responded Warmington Homes would be required to pay a \$31,000 affordable housing in-lieu fee for each uncompleted phase; stated the money would go into the affordable housing fund; the incentive is in the Agreement in order to ensure that the project would be built and the City would see results and performance.

Vice Mayor deHaan inquired whether the incentive would be difficult to meet, to which the Deputy City Manager - Development Services responded the incentive is reasonable.

Mayor Johnson inquired whether Warmington Homes has financing now, to which the Deputy City Manager - Development Services responded Warmington Homes has

financing for the first phase.

Mr. Leaman stated Warmington Homes has financing for the project; affordable units come out of pocket; financing is based upon financials; Warmington Home's financial records would be impacted by paying out of pocket for more than six units; financing is predicated on following the business plan.

Mayor Johnson inquired whether Warmington Homes has financing for the entire project, to which Mr. Leaman responded in the affirmative.

Mayor Johnson inquired what would be the timeframe for the build out, to which Mr. Leaman responded twenty-four months.

The Deputy City Manager - Development Services stated Warmington Homes has thirty-six months in which to pull the final permit; the project might be completed sooner than thirty-six months.

Mayor Johnson inquired how many phases there are, to which Mr. Leaman responded four.

Mayor Johnson stated the timeframe is aggressive.

Councilmember Matarrese inquired what would happen if there is a no vote on the item.

Mr. Leaman responded a no vote would have a significant impact on Warmington Homes' financial status; stated Warmington Homes does not have out of pocket cash for the project.

Councilmember Matarrese inquired whether no homes would be built other than the existing models, to which Mr. Leaman responded possibly.

Councilmember Tam stated that she is weighing the need to get the project moving and job creation against creating a situation that pushes the affordable housing allocation to the last unit which happens to be Alameda Point; the City is having difficulties negotiating appropriate levels of public subsidies for affordable housing; that she would feel more comfortable seeing a pro forma and understanding how Warmington Homes' bottom line would be affected; inquired when Warmington Homes would need a decision.

Mr. Leaman responded time is of the essence.

Mayor Johnson inquired whether Alameda Point has any subsidy for affordable housing.

The Deputy City Manager - Development Services responded SunCal's pro forma includes 100% of the City's 20% set aside funds.

The Interim City Manager stated the ordinance could be introduced and numbers could be brought back for final adoption.

Mayor Johnson stated the idea sounds good.

Councilmember Matarrese stated that he likes the approach; he is concerned that the City could end up holding to the 25% requirement and not get any affordable units; the project could build six affordable units without City subsidy; backfilling with City subsidy would only deliver four more units; more than four units could be built by using the subsidy somewhere else.

The Interim City Manager stated staff would come back to Council regarding a project that is before the Planning Board next week, which deals with the kicking the can down the road issue; numbers would be provided at the July 6th Council meeting.

Councilmember Matarrese moved introduction of the ordinance with direction to have the Interim City Manager bring back financial information balancing four units within the project versus money that would go elsewhere to potentially build more than four units.

Vice Mayor deHaan seconded the motion.

Under discussion, Vice Mayor deHaan stated that he is concerned about homes selling in today's market; inquired how many units have been sold, to which Mr. Leaman responded three.

Vice Mayor deHaan inquired whether two of the sales were to prior owners, to which Mr. Leaman responded one sale was to the prior property owner.

Vice Mayor deHaan inquired when the next phase would be built, to which Mr. Leaman responded second phase sales would be this weekend.

Councilmember Gilmore stated that she reluctantly goes along with the motion for the moment; she wants to see the concept of not kicking the can down the road; she would like to get more than four units because a dent would be made in the overall requirement.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers deHaan, Gilmore, Matarrese, and Mayor Johnson – 4. Noes: Councilmember Tam – 1.

CITY MANAGER COMMUNICATIONS

(10-291) PERS Actuarial Update – Bartel and Associates

John Bartel, Bartel and Associates, gave a Power Point presentation.

Mayor Johnson inquired whether projections to 2040 assume the current number of employees and do not assume new employees hired between now and 2040.

Mr. Bartel responded projections assume that the work force would be constant and a retired person would be replaced with a new employee; continued the presentation.

In response to Mayor Johnson's inquiry, Mr. Bartel stated the 31% public safety rate represents base pay for public safety and does not include overtime; continued the presentation.

Mayor Johnson inquired whether the PERS actuarial assumption numbers are overly optimistic.

Mr. Bartel responded in the affirmative; stated projections would have less impact on Alameda than other agencies; PERS has guessed low on non-safety enhanced formulas; continued the presentation.

Mayor Johnson inquired whether the market value assets include all losses; stated PERS has millions of dollars in losses in Mountain House which has not been factored into the portfolio; PERS has not written off the loss.

Mr. Bartel responded that he thinks the loss has been taken into account when projecting to June 30, 2010 but would not know until final information has been provided; stated some losses that happened before June 30, 2009 were not factored in; that he believes the losses are factored into 2011; that he is cautious about information being released; continued the presentation.

In response to Councilmember Tam's inquiry, Mr. Bartel stated formulas are put in place by the State Legislature; labor groups pushed for a 3% formula as a cousin to the public safety formula; the belief was that the benefit should not be higher than public safety; the 2.7% at 55 formula is the exact same formula as the public safety 2% at 50.

Councilmember Matarrese inquired whether a two-tiered defined benefit does not have that big of a financial impact, to which Mr. Bartel responded in the affirmative.

Vice Mayor deHaan inquired what Mr. Bartel is recommending if a two-tier system does not work.

Mr. Bartel responded that the City should contribute more than PERS is recommending; stated a lot of his clients wished they were at Alameda's current non-safety benefit formula; the contribution rate is not high compared to most non-safety plans; the rate would be going up but would not be as dramatic; that he is a fan of the 2% at 60 formula and 2% at 55 formula; that he would not recommend decreasing from 2% at 55 to 2% at 60; the 2% at 50 formula gets to 2.7% at 55, which is approximately 10% lower for public safety employees retiring at 55; that he does not know whether benefit level

would make the City less competitive.

Mayor Johnson inquired what would be the average public safety retirement benefit for 2% at 50.

Mr. Bartel responded the benefit would depend upon retirement age; stated currently, the average pension benefit is approximately \$100,000 and would drop by approximately 10%; the benefit would be substantially less by retiring at 50; generally, fire fighters retire closer to 55; police retire between 53 to 54.

Vice Mayor deHaan inquired whether any other municipalities are looking at different retirement plans other than PERS; further inquired what would happen to PERS [if cities withdrew from PERS].

Mr. Bartel responded very few; stated the challenge of pulling out of PERS is that withdrawal is very expensive; PERS has an efficient percentage of the City's assets going toward expenses; PERS administrative expenses are low; going to another plan would be amazingly more expensive; withdrawal costs would depend upon the withdrawal method; withdrawing and taking all asset liability would result in taking the City's market value of assets, not actuarial value of assets; the City would be 65% funded instead of 90%; PERS population is one-third State, one-third non-certificated school employees, and one-third public agencies; schools would not have the ability to pull out of PERS; the State would not pull out; one-third of assets would be pulled if all public agencies pulled out and PERS would still do just fine; the City would have the responsibility to provide the current benefit formula for current employees; withdrawal would be expensive and painful; that he is not aware of an efficient way to withdraw.

The Interim City Manager gave a brief presentation.

REGULAR AGENDA ITEMS

(10-292) Public Hearing to Consider Resolution No. 14453, "Authorizing Collection of Delinquent Integrated Waste Management Accounts by Means of the Property Tax Bills." Adopted.

The Public Works Director provided handouts and gave a brief presentation.

Mayor Johnson opened the public portion of the hearing.

Opponent (Not in favor of resolution): Pom Il Song.

There being no further speakers, Mayor Johnson closed the public portion of the hearing.

Mayor Johnson stated what has been done in the past has worked.

Vice Mayor deHaan inquired whether the City has collected on past liens, to which the Public Works Director responded in the affirmative.

Vice Mayor deHaan inquired how much the City received last year, to which the Public Works Director responded \$21,715.

In response to Vice Mayor deHaan's inquiry, the Public Works Director stated money was collected through property sales or refinancing.

Councilmember Matarrese moved approval of the staff recommendation [adoption of the resolution], including trying to resolve cases under dispute.

Councilmember Gilmore seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Gilmore, Matarrese, Tam and Mayor Johnson – 4. Abstentions: Vice Mayor deHaan – 1.

(10-293) Public Hearing to Consider Resolution No. 14454, "Approving the Engineer's Report, Confirming Diagram and Assessment, and Ordering Levy of Assessments, Island City Landscaping and Lighting District 84-2, All Zones." Adopted.

The Public Works Director gave a brief presentation.

Councilmember Tam moved adoption of the resolution.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

(10-294) Public Hearing to Consider Resolution No. 14455, "Approving the Engineer's Report, Confirming Diagram and Assessment, and Ordering Levy of Assessments, Maintenance Assessment District 01-01 (Marina Cove)." Adopted.

The Public Works Director gave a brief presentation.

Councilmember Tam moved adoption of the resolution.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

(10-295) Public Hearing to Consider Resolution No. 14456, "Establishing Integrated Waste Collection Ceiling Rates and Service Fees for Alameda County Industries, Inc., for Rate Period 9 (July 2010 to June 2011); and Allocation of \$210,000 from the Integrated Waste Management Account." Adopted.

Proponents (In favor of Resolution): Robb Ratto, Park Street Business Association (PSBA); and Jon Spangler, Alameda.

Vice Mayor deHaan stated the City has had the opportunity to extend the Contract to 2022 and do some capital improvements; inquired whether said issues have been

factored in.

The Public Works Director responded part of the Contract extension would require that 100% of the fleet be converted to alternative fuel; currently, 50% of the fleet uses alternative fuel; the requirement does not kick in for a couple of years.

Vice Mayor deHaan inquired whether there would not be any rate increases in a couple of years because of the requirement.

The Public Works Director responded that he does not know whether or not there would be any rate increases; stated Alameda County Industries (ACI) is contributing to reduce the rate increase.

Vice Mayor deHaan moved adoption of the resolution.

Councilmember Matarrese seconded the motion.

Under discussion, Councilmember Matarrese stated the solution is good for the rate period; revenue has decreased due to a decrease in commercial customers, which hopefully will increase once the economy comes back, in addition to a shift of residential customers from a 32-gallon service to a 20-gallon service; the City needs to start preparing for Rate Period 10; the City's reserve will go down and will not be able to contribute another \$210,000 to close the gap.

The Public works Director concurred with Councilmember Matarrese.

Councilmember Tam inquired how much would be left in the Integrated Waste Management account after the \$210,000 one-time contribution, to which the Public Works Director responded \$2 million.

Councilmember Tam stated at some point, she would like to understand if there would be an option to include the School District in the system and whether there would be swings to AUSD from the economy of scales.

On the call for the question, the motion carried by unanimous voice vote – 5.

(10-296) Public Hearing Relating to Issuance of Bonds by the Alameda Public Financing Authority and Considering Resolution No. 14457, "Of Intention to Levy Reassessments and to Issue Refunding Bonds Upon the Security Thereof Relating to the City of Alameda Marina Village Assessment District 89-1. "Adopted;

(10-296 A) Resolution No. 14458, "Reassessment Report for the City of Alameda Marina Village Reassessment District No. 10-1, Confirming and Ordering the Reassessments and Directing Actions with Respect Thereto; and

(10-296 B) Resolution No. 14459, "Authorizing the Issuance of Two Series of Refunding Bonds, Providing for Execution of Fiscal Agent Agreements and Other Matters with

Respect Thereto, and Making Findings with Respect to and Approving the Issuance of Bonds by the Alameda Public Financing Authority.” Adopted.

The Interim City Manager gave a brief presentation and introduced Bill Reynolds, Sequoia Financial Group; Mark Holmstedt, Westhoff, Cone & Holmstedt (WCH); and Paul Thimmig, Quint & Thimmig, LLP, to answer Council questions.

Mayor Johnson inquired whether the project would not go forward if primary property owners do not pay property taxes.

Mr. Reynolds responded that he would still recommend going forward; stated financing needs to be recognized on the tax rolls by August.

Councilmember Tam inquired whether there would be two financial advisors (Sequoia Financial Group and WCH).

Mr. Reynolds responded in the affirmative; stated there is no time for an RFP process; the best way is a competitive bid sale; his fee would be approximately 30% of the Sources and Uses of Funds; the rest would be for specialized work, which WCH has already performed on the project with the assumption that WCH would be the underwriter; the City usually uses a negotiated sale method; an underwriter is compensated through an underwriter's discount; in this situation, a normal underwriter's discount would be approximately \$12.50 per \$1,000 of bonds; one fee component is a management fee in which the underwriter helps the financial advisor structure the deal; the rest is used to sell the bonds; a portion of the fee listed under the Financial Advisor column is what the management fee would be for an underwriter to put the deal together; that he estimates by bidding the project on a competitive basis, the bids would only represent the take down portion which would be less than \$5 or \$6 per \$1,000 of bonds; as proposed, the City would end up saving money on the underwriter's discount overall.

Councilmember Tam inquired whether the 70%/30% split between WCH and Sequoia Financial Group would occur only if bids are accepted.

Mr. Reynolds responded in the affirmative; stated all fees are contingent.

Councilmember Tam inquired whether having two financial advisors is typical, to which Mr. Reynolds responded having two financial advisors happens fairly often.

Councilmember Tam inquired how the WCH partnership was chosen.

Mr. Reynolds responded Finance Directors generally pick someone who they have worked with in the past; in the past, he has put out an RFP for underwriters; the Interim City Manager has a long history of working with WCH.

Councilmember Gilmore inquired whether bids would be rejected if the City does not

like any of the bids.

Mr. Reynolds responded bonds are offered to anyone who wants to bid; stated that he would not approve moving forward if a 3% target savings does not make sense; a minimum present value savings is at least 3%; current present value savings are 14%; the deal is very difficult; a lot of time would be needed to call potential bidders; that he would like to attract small companies; the cost for putting in a bid would be very low.

Councilmember Gilmore inquired what would happen if the City does not receive bids that the City likes.

Mr. Thimmig responded the proposed resolutions authorize the Interim City Manager to negotiate with one of the underwriters if all bids are rejected or another plan would be presented to Council.

Vice Mayor deHaan inquired whether there would be enough time to renegotiate, to which Mr. Thimmig responded time is tight, but there is enough time.

Councilmember Gilmore inquired whether Council approval would be needed.

Mr. Thimmig responded the proposed resolutions authorize the Interim City Manager to reject all bids, negotiate with one of the underwriters, or not go through with the deal; stated a deal could be brought back in a different form; the delinquency in the assessment district versus a long history of timely payments has been the difficult part.

Councilmember Gilmore stated timing is important in order to give the maximum amount of relief to homeowners and commercial property owners; inquired how the market would play in terms of rates.

Mr. Thimmig responded rates would be whatever market rates are at the time; stated the bonds would not have been sold a year ago; today, there is a market; municipal interest rates are good and have been steady over the last couple of months; any underwriter in the country could bid on the bonds; currently, municipal bonds are getting a favorable reception.

Mayor Johnson inquired what is the interest rate, to which Mr. Holmstedt responded 5%.

Mayor Johnson inquired what is the current interest rate for existing bonds.

Mr. Holmstedt responded the Marina Village interest rate is 7.65% and Harbor Bay is under 6%.

Mayor Johnson inquired whether requiring a maximum interest rate and having the property owner pay property taxes within 48 hours would be a problem.

Mr. Thimmig responded the proposed resolution has a minimum interest rate; holding the deal hostage for one property owner would not be a good idea; the deal has protections; any land secured financing is unique.

Mayor Johnson inquired what is the maximum interest rate in the resolution, to which Mr. Thimmig responded 7%.

Mayor Johnson inquired whether going forward if the interest rate is 7% would make sense, to which Mr. Thimmig responded probably not.

Mayor Johnson stated that the maximum interest rate should be lower.

Mr. Thimmig stated parameters are usually given; typically, he does not micro manage; staff would be delegated to ensure that bids are appropriate and at market rate.

Mayor Johnson stated ensuring that the issue makes financial sense is important because of the cost; inquired whether Mr. Reynolds has been under contract with the City for twenty years.

Mr. Reynolds responded that there is no retainer; stated that he receives fees if financing closes; he has worked on the ARRA twelve-year plan and has been paid on an hourly basis with a cap.

Vice Mayor deHaan inquired what was the original rating of the bonds, to which Mr. Reynolds responded the bonds were unrated.

Speakers: Lonnie Odom, Stinson Securities LLC; and former Councilmember Tony Daysog, Alameda.

Following Mr. Odom's comments, Councilmember Gilmore stated WCH is not mentioned in the APFA resolution, only Sequoia Financial Group; both firms have been mentioned in the staff report; inquired whether not mentioning WCH is an error.

Mr. Thimmig responded WCH is a co-financial advisor; State law will not allow WCH to be an underwriter without the expressed permission of the APFA, which is not included in the resolution.

Following former Councilmember Daysog's comments, Mr. Reynolds stated the underwriter's discount is about \$12.50 [per \$1,000], which works out to be about \$325,000; of that [\$325,000], the portion that would normally be the management fee is about \$6.80 [per \$1,000], which is the 70% of the financial advisor fee that WCH would get that would not be in the \$325,000 making the figure not \$12.50 [per \$1,000] anymore, rather it would be more like \$5.00 [per \$1,000] and the total ends up slightly less.

Councilmember Gilmore requested that Mr. Reynolds clarify his explanation.

Mr. Reynolds stated the deal is very complicated and the fee is a little higher than what would normally be [the fee] on a certificate of participation where the total underwriter discount would be expected to be around \$6.00 per \$1,000 worth of bonds; on this type of transaction, where calls have to be made to try to get buyers, the fee that an underwriter normally charges is around \$12.50 [per \$1,000]; the fee would normally have two components: the management portion, which WCH has been doing, and the take down, which is the portion that the buyer gets; the break down is usually around \$6.00 or \$7.00 per \$1,000 for the management portion and \$4.00 to \$5.00 [per \$1,000] for the take down; that he does not expect the competitive bid to be \$12.50 per [\$1,000 worth of] bond but should be around \$5.00 per [\$1,000 worth of] bond because the management fee is being taken care of as part of the financial advisory fee.

Councilmember Matarrese stated part of the team did not have to compete to be on the team; a lower fee could have been passed down to Harbor Bay homeowners or Marina Village commercial and industrial properties; rules seem to be loose around the rest of the team; the City would be going on faith that \$12.50 is the best it can do.

Mr. Reynolds stated some cities have underwriters under contract, but is very rare because different underwriting firms have different expertise; a city may put out an RFP if a city is doing a new type of transaction; in the past, the City's Finance Director and City Manager have developed relationships with underwriters; the Interim City Manager has a lot of experience working on Community Facilities District (CFD) land secured financing with WCH.

Mayor Johnson stated Council may want to consider a different approach going forward; inquired whether Mr. Reynolds' Contract is approved by Council, to which Mr. Reynolds responded in the affirmative.

Mayor Johnson inquired how long is Mr. Reynolds' contract for, to which Mr. Reynolds responded three years with two renewals; that he has worked for three different firms while working for the City.

The Interim City Manager stated the idea is to find a business that has people with the best expertise in certain areas and try to negotiate the best arrangement possible; the team is transaction driven and would not get paid unless there is an actual deal; finding the best time to do the transaction in today's market is important; that she thinks Sequoia Financial Group and WCH are the best team to do the transaction in today's market.

Councilmember Tam stated Sequoia Financial Group would get \$58,000 and WCH would get \$137,235 which exceeds the \$75,000 approval authorization; that she would like to understand the past relationship and transaction that occurred between the Interim City Manager and Mr. Holmstedt.

The Interim City Manager stated that she has known Mr. Holmstedt since the 1980's;

that she has never worked with Mr. Reynolds or Mr. Thimmig before; both firms are highly reputable; that she worked for Westhoff and Martin Financial Services Group in 1993 and 1994; the innuendo that Mr. Holmstedt or Mr. Westhoff would get the deal because of some type of payback is professionally insulting and is not the case; Mr. Holmstedt and Mr. Westhoff would not get any compensation other than for work done; Stone and Youngberg and WCH are the two strongest firms in the market for California dirt bonds; a good structure for a very difficult transaction has been proposed; in the future, staff could start an RFP process for financial advisors; an RFP could be done for investment bankers also; an RFP process would be difficult at this time because of the stringent timeframe.

Mayor Johnson stated the City wants to help property owners save money; the savings would be significant for many; that she likes the idea of an RFP process for financial advisors and creating a short list moving forward; the City could move forward with the transaction with parameters.

Councilmember Gilmore stated Council needs to have discussions going forward so that everyone is clear; one member of the team got the position without having to compete; everyone is scrambling around looking for jobs and opportunities in today's economy; the appearance of how the City does things is just as important, if not more, than how the City actually does things; the City should be very clear to ensure that everyone gets an opportunity to compete; in the past, opportunities for women and minorities have been based on who the person knew, not how good the person was at what they did; the appearance of the City being accused of not following procedures or not going out for competitive bid is bothersome.

The Interim City Manager stated the issue needs to apply to everything across the board and not just isolated cases regarding investment bankers or financial advisors; the issue should be revisited and a menu of different categories should be created.

Mayor Johnson stated the City uses a similar process with attorneys.

The City Attorney stated Mr. Thimmig is on her list.

Mayor Johnson stated brining the matter back for further discussion is a good idea.

The Interim City Manager stated local preference was discussed at the last Council meeting; the matter would affect the purchasing ordinance, signatory limits, and how fast things get done.

Councilmember Tam stated that she is very uneasy regarding the partnership; one of the partners mentioned that the Interim City Manager worked for Mr. Holmstedt.

The Interim City Manager stated that she worked for Westhoff Martin Financial Services Group which is not Westhoff Martin Banking Group.

Councilmember Tam stated that she is focusing more on the comment that there was a business partnership with Mr. Holmstedt and the Interim City Manager.

The Interim City Manager stated the companies are separate; that she did consulting work for approximately ten to twelve months; she did not do banking work.

Councilmember Tam stated the City is dealing with appearances; clearly, one member of the team secured the position because of a relationship with the Interim City Manager.

The Interim City Manager stated that there was no relationship because she worked for a subsidiary in 1993 and 1994 which was fifteen years ago; she knew Mr. Holmstedt before when he was working for other firms; some firms will suggest debt issues that are risky and she does not believe WCH would.

Councilmember Tam inquired whether the partnership between the Interim City Manager and Mr. Holmstedt still exists.

The Interim City Manager responded in the negative; stated that she is not a partner and does not know if the firm exists anymore; she does not receive any annuities; stock options, and is not making any money on the transaction.

Mayor Johnson stated the City is under time constraints; property owners would get a significant savings.

Councilmember Tam stated that she does not understand the savings.

Mayor Johnson stated Exhibit 2 shows the estimated savings.

Mr. Reynolds stated the savings is assumed at 5%; 7% would be used if the 5% does not provide present value savings.

In response to Mayor Johnson's inquiry, Mr. Reynolds stated the annual estimated savings would be based upon the property size.

Mayor Johnson stated the annual estimated savings for AD 89-1 would be \$863,218.

Councilmember Tam inquired whether the estimated savings is based on 5%.

Mr. Holmstedt responded the issue is more complicated; stated the bond interest rate average is about 5%; underlying assessment bonds that create revenue to pay the bonds would need to be set at a little higher rate to create the proper debt coverage that investors are looking for; said rate is approximately 6%; the typical standard for refinancing the transaction or not is to have present value savings of 3% minimum; the present value savings is well in excess of 3% for Harbor Bay and Marina Village; the present value savings is projected at 14% for Harbor Bay and 10% for Marina Village;

picking the perfect rate is difficult because the transaction is complicated; a lot of factors go into achieving a rate; that he would suggest having a present value savings of 5% to 6%; all of the other numbers would wash out; Legacy Holdings went through an exhaustive analysis to see its actual savings would be; the City received an email stating that Legacy Holdings should be making a payment.

Mayor Johnson inquired what are Legacy Holdings property taxes, to which Mr. Holmstedt responded approximately \$2 million.

Councilmember Tam left the dais at 11:00 p.m. and returned at 11:04 p.m.

The Interim City Manager stated the \$2 million is not delinquent.

Mayor Johnson inquired whether the estimated savings would be more conservative than expected.

Mr. Holmstedt responded in the affirmative; stated \$9 million was set as the maximum for the principal amount of the bonds for Marina Village; last time numbers were run, the amount was approximately \$8.5 million; Harbor Bay is at \$10,780,000; the resolution states not to exceed \$11.5 million; the idea is to set parameters so that the market can do its job; the bid process would be competitive; the City needs to ensure there is enough room because of the nature of public noticing; a bond sale is scheduled for competitive bids on June 23rd; the transaction is good; the total transaction cost, including financial advisory fees and what underwriters would be allowed to achieve, would be less than what was estimated for doing it another way.

In response to Councilmember Gilmore's inquiry, Mr. Reynolds stated the rule of thumb is that financing does not make sense unless there is a present value savings of at least 3%; the limit could be put at 6% because the present value savings is anticipated to be more than 3%.

Councilmember Matarrese moved adoption of the resolutions with the limit [present savings value of 6%] and direction to set a policy on single source bids across the board.

Mayor Johnson stated the issue should be discussed in more detail in order to establish a comprehensive set of policies.

The Interim City Manager stated the matter would be placed on the June 24th special meeting agenda.

Under discussion, Mr. Thimmig clarified that the Council resolutions would not need to be amended to include present value savings but the APFA resolution would be amended.

Vice Mayor deHaan seconded the motion

On the call for the question, the motion carried by unanimous voice vote – 5.

(10-297) Resolution No. 14460, “Authorizing the Interim City Manager to Apply for Regional Measure 1 Five Percent Unrestricted State Funds and Two Percent Bridge Toll Reserve Funds for the Operating Subsidy and Capital Projects, and Regional Measure 2 Bridge Toll Funds for the City of Alameda Ferry Services, and to Enter Into All Agreements Necessary to Secure These Funds for Fiscal Year 2010-2011.” Adopted;

(10-297 A) Recommendation to Authorize the Interim City Manager to Negotiate and Execute a Fifth Amendment to the Amended and Restated Ferry Services Agreement with the Port of Oakland to Extend the Term for One Additional Year at a Cost of \$60,649;

(10-297 B) Recommendation to Authorize the Interim City Manager to Negotiate and Execute an Eighth Amendment to the Sixth Amended and Restated Operating Agreement for the Alameda Harbor Bay Ferry and Adopt the Associated Budgets; and

(10-297 C) Recommendation to Authorize the Interim City Manager to Negotiate and Execute an Amendment to the Agreement to Extend the Term for One Additional Year of the Blue & Gold Fleet Operating Agreement with the Alameda/Oakland Ferry Service and Adopt Associated Budgets.

The Public Works Director gave a brief presentation.

Mayor Johnson inquired whether Regional Measure 1 and 2 funds are new.

The Public Works Director responded the City has always received Measure 1 funds; stated Regional Measure 2 funds are new.

Mayor Johnson inquired whether the \$10,000 Port of Oakland reduction is not so significant, to which the Public Works Director responded in the affirmative.

Mayor Johnson inquired whether the City would be spending over \$1 million more for the ferries if the City did not get the Regional Measure 2 funds.

The Ferry Services Manager responded the Regional Measure 2 allocation consists of two components: 1) Regional Measure 2 funds controlled by the Water Emergency Transportation Authority (WETA) for chartering WETA’s boats; and 2) Regional Measure 2 subsidy for operating the City’s services, which is just under \$500,000; some projects included in the budget would normally be for capital maintenance expenses.

Mayor Johnson inquired whether the City would need to pay for chartered boats without Regional Measure 2 funds.

The Ferry Services Manager responded the City would not charter boats without Regional Measure 2 funds.

Mayor Johnson stated the City would need to pay for operating expenses for its boats.

The Ferry Services Manager stated the money for WETA boats is above and beyond what the City would use in operating the four boats owned by the City; WETA is willing to pay incremental costs above what the City would pay for operating the City's four boats for the two ferry services.

Mayor Johnson inquired whether the \$439,000 is operating money that the City can use at its own discretion, to which the Ferry Services Manager responded in the affirmative.

Vice Mayor deHaan moved adoption of the resolution [and approval of the staff recommendation].

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote – 5.

(10-298) Final Passage of Ordinance Amending the Alameda Municipal Code by Adding Section 2-71 (Election Campaign Contributions) to Article VI (Elections) of Chapter II (Administration) to Create Enforceable Limits on Election Contributions to Facilitate Local Campaign Finance Reform and Promote Broader and More Open Citizen Participation in the Electoral Process. Not finally passed.

Speakers: Jon Spangler, Alameda; Ann Spanier, Alameda League of Women Voters; and Bill Smith, Alameda.

Following Mr. Spangler's comments, Mayor Johnson inquired whether the voluntary spending cap is enforceable; further inquired whether a candidate would sign a contract.

The City Attorney responded the only way to enforce a voluntary spending cap would be to have the City set aside a pot of money for the purpose of contributing a match; opting out would always be an option; voluntary means voluntary and no ordinance can force candidates to agree to a voluntary limit on expenditures.

Following Mr. Smith's comments, Mayor Johnson stated that the City is behind on the issue; there is no reason to delay; concurred that some type of voluntary spending cap should be reviewed; suggested seeing what other cities have.

Vice Mayor deHaan requested clarification on the City's ability to control Political Action Committee's (PAC's) expenditures.

The City Attorney stated that she has noticed a lot of public interest and some confusion on the distinction between campaign contributions and campaign expenditures; the

issue is a legal issue; the City cannot give any more sunshine or light on the issue other than what has been said in the Supreme Court said and case law following; the issues are first amendment issues; the courts have stated that in terms of contributions, the regulation must be closely drawn to a sufficiently important interest in order to avoid a first amendment challenge; so far the only government interest that courts have held to be valid with respect to campaign restrictions is "in preventing the actuality and appearance of corruption"; Council could consider adding said phrase to the Purpose section of the ordinance; by contrast, limitations on expenditures are subject to strict scrutiny; regulation must be very narrowly tailored and government interest must be compelling; so far, the Supreme Court has rejected expenditure limits for individuals, groups, candidates, and parties; campaign contributions are treated differently because the courts find that contribution limitations entail only a marginal restriction upon the contributor's ability to engage in free communication; the courts state that expenditure ceilings impose significantly more severe restrictions on protected freedom of political expression and association; the ordinance would not limit campaign expenditures from any source because by case law and recent Supreme Court case, the City cannot do so; limitations apply to a contribution from a PAC; should a PAC make a contribution directly to a candidate, the contribution would be limited to \$250; by contrast, if a PAC is expending money which may benefit a candidate, case law states that the expenditure cannot be restricted; every ordinance that has been challenged on the issue has been struck down; the ordinance was drafted very simply to only address the issues that could be safely addressed; suggested that the additional safeguard language be added; stated otherwise, the ordinance is as narrowly drawn as possible.

Councilmember Matarrese stated that he is for campaign reform; he voted in favor of the first reading in order to get started; he attended the Democratic Club meeting last week; the meeting topic was campaign reform; a watchdog group gave a good presentation; at the end of the discussion, not one question came up about Alameda or the first reading of the ordinance; he feels discussions are in a vacuum; he would support having more hearings on the matter; particularly, with hearing the City Attorney's analysis of additional suggestions; the City has a Sunshine Task Force that is composed of appointees from each Councilmember; that he would like to have the Sunshine Task Force review the ordinance and come back with a recommendation.

Vice Mayor deHaan stated the City looked at model ordinances from other cities; the issue was not under the oversight of the Sunshine Task Force; Council spelled out items to the Sunshine Task Force; only four elements can be controlled within campaign funding; State law PAC limitations have been a concern.

The City Attorney stated that she would not be surprised to see similar requests for regulation; however, the regulation would not be enforceable and the City would be subject to a legal challenge by doing so; the voluntary contribution concept could be added, but Council would have to determine whether it can afford to set aside money for the purpose of publicly financing campaign contributions.

In response to Vice Mayor deHaan's inquiry, Councilmember Tam stated Fremont does

not have a cap on expenditure limits but has a cap on contribution limits; Hayward has a voluntary expenditure limit; Hayward's ordinance has a \$50,000 expenditure cap; enforcement is one of political peer pressure rather than violation of civil penalties; Pleasanton has an expenditure limit tied to a dollar amount per registered voter with an escalator for inflation.

Councilmember Matarrese stated everyone would point at the violator but there would be no civil penalty.

The City Attorney stated the ordinance addresses what the City can do; the only thing missing is a voluntary agreement for a candidate to limit expenditures; a public financing matching fund would need to be created for enforcement.

Mayor Johnson inquired whether the agreement would be enforceable with a public financing matching fund.

The City Attorney stated enforcement would be not getting the match.

Councilmember Gilmore stated that she supports the idea of campaign finance reform; the City should have a good ordinance, but this ordinance is not it; the ordinance has been rushed, is politically motivated, and has not had the proper public debate; the ordinance has not gone to the Sunshine Task Force or League of Women Voters; the League of California Cities has a resource on campaign finance which the Council has not reviewed; this ordinance is unfair; if someone decides to self fund the race there is no provision to give an escalator to anyone else so that the playing field would be level; there is no escalator for inflation; the ordinance is politically motivated because there seems to be a rush to get the ordinance in place before the November election; several candidates have already announced that they are running and have raised money; rules would be changed in the middle of the campaign cycle; candidates who file in July would be bound by a set of rules that people who got in early were not bound by; there is no provision saying that a candidate cannot transfer money into a campaign account for another race; if the ordinance passes in its current form, then everyone that has been campaigning should give back money that has been raised that violates the ordinance; it is more important to have the ordinance done right rather than quickly; a major barrier is being raised for people who have not already declared intent to run.

Mayor Johnson stated that she thinks the ordinance is very basic finance reform; people that she has spoken to assume that the City already has an ordinance in place; waiting too long would be unfair to people running in the November election because they would not understand what the rules would be.

Councilmember Gilmore inquired why rules are being changed in the middle of the campaign; stated candidates should give back money that has already been raised if the ordinance passes.

Mayor Johnson stated candidates can ask each other to make said pledge but it would

not be enforceable.

Vice Mayor deHaan stated that he does not think there will ever be a right period.

Councilmember Gilmore stated a right period would be an odd-numbered year when no one is running for anything; the ordinance is rampant with conflict of interest.

Mayor Johnson stated that she feels the ordinance is for the public.

Councilmember Gilmore stated that public wants more public discussion; the only time the matter has been of concern was when a candidate spent a lot of money.

Vice Mayor deHaan stated anyone can spend any amount of their own money; that he wishes the issue could be included but it cannot.

Councilmember Gilmore stated the Council voted three to two to introduce the ordinance; three Councilmembers would be putting through a rushed campaign financing law which is very important to the City; an ordinance is needed but not on a rushed basis without public input.

Mayor Johnson stated there has been opportunity for public comment; lack of public input indicates that the community is not opposed to what Council is proposing.

Councilmember Matarrese stated in the time between the first reading and this meeting, he found out that people do not know about the ordinance and more public hearing is needed.

Councilmember Tam stated everyone supports campaign finance limits; the ordinance needs to be meaningful and reflective of the community; if the idea is to limit the amount of expenditures and to make it more transparent on who receives money from whom, she does not think an individual contribution limit is the way to go because it would drive money underground and would force a PAC to fund campaigns to the nth degree that no one would have any control over; the voluntary expenditure limit is the way to go and should substitute for contribution limits; giving an opportunity for more review and comment would not take that much more time; inquired whether there should be a motion to extend the deadline for public comment, to which Councilmember Gilmore responded in the affirmative.

Councilmember Gilmore moved approval of extending the deadline for public comment and sending the ordinance to the Sunshine Task Force with participation from the League of Women Voters; that she would direct the Sunshine Task Force to the League of California Cities website.

Councilmember Tam seconded the motion.

Under discussion, Vice Mayor deHaan inquired when the ordinance would be brought

back.

Councilmember Gilmore responded the ordinance could be brought back anytime; however, the ordinance should not be effective until 2011 because of the current election cycle.

Vice Mayor deHaan inquired whether the motion included that the ordinance would be effective in 2011, to which Councilmember Gilmore responded not at the time, but now yes.

Councilmember Tam stated that she would still second the motion [with the 2011 inclusion date]; changing the rules in the middle of the game is inappropriate; the conflict of interest would work in her favor.

Mayor Johnson summarized that the motion is to have the ordinance sent to the Sunshine Task Force to receive more public input and that the ordinance would be effective January 1, 2011.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers Gilmore, Matarrese and Tam – 3. Noes: Vice Mayor deHaan and Mayor Johnson – 2.

ORAL COMMUNICATIONS, NON-AGENDA

(10-299) Michael Johnson Torrey wished Vice Mayor deHaan and Councilmember Matarrese Happy Father's Day.

* * *

(10-300) Vice Mayor deHaan moved approval of continuing the meeting past midnight

Councilmember Tam seconded the motion, which carried by unanimous voice vote – 5.

* * *

COUNCIL REFERRALS

(10-301) Consideration of Addressing Parking in Impacted Residential Neighborhoods around Alameda High School.

Councilmember Matarrese gave a brief presentation.

Speaker: Robb Ratto, PSBA.

Councilmember Gilmore encouraged staff to look at St. Mary's High School in Berkeley; stated students get parking permits, but priority is given to students who carpool; St. Joseph's High School would be another place to look.

Councilmember Tam inquired whether School District employees are offered a discount for using the parking structure.

The Economic Development Director responded in the negative; stated the parking structure offers a reduced, monthly rate.

Councilmember Tam inquired whether School District employees have participated in monthly passes.

The Economic Development Director responded that she does not know; stated School District employees are welcome to participate.

Vice Mayor deHaan stated teachers arrive early and take up parking spaces; offering teachers a different rate would be a good idea; the School District needs to be involved; at one point the School District was involved in discussions, but he does not know the outcome.

The Economic Development Director stated the School District wanted to park free which would pose a problem on designated floors.

Vice Mayor deHaan inquired how many teachers are at the School District, to which the Economic Development Director responded that she does not know.

Vice Mayor deHaan stated the School District may have only fifty or so teachers; something could be worked out.

The Economic Development Director stated the parking structure is not producing as much revenue as anticipated; the parking structure is offset by other lease revenues, citation collection, and parking meter enforcement.

Councilmember Tam moved approval of directing staff to review the matter.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote – 5.

COUNCIL COMMUNICATIONS

(10-302) Consideration of Mayor's nominations for appointment to the Civil Service Board, Housing Commission, Library Board, Planning Board, Public Utilities Board, Transportation Commission, and Oakland Chinatown Advisory Committee.

Mayor Johnson made the following nominations: Jose Villaflor, Civil Service Board; Joy Pratt, Housing Commission; Catherine Atkin, Library Board; Eric Ibsen, Planning Board; and Philip Tribuzio, Transportation Commission.

(10-303) Written Communication from the League of California Cities requesting

designation of Voting Delegate for the League's 2010 Annual Conference.

Councilmember Gilmore nominated Councilmember Tam as the designated Voting Delegate and Vice Mayor deHaan as the alternate.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote.

(10-304) Councilmember Matarrese stated on June 3rd, there was a Joint City/School District meeting; the subcommittee recommends Council to direct the City Manager to negotiate a master Joint Use Agreement with Alameda Unified School District (AUSD) to manage, improve, and maintain playing fields including, but not limited to, Encinal and Alameda High School fields; the purpose of the agreement would be to provide fields for continued school use and additional community use at large; Board Member Spencer raised potential health concerns which may be related to synthetic turf fields; joint efforts will be made to research the issue; the subcommittee discussed potential City participation with the Everett Street site, the former Island High School campus, to assist AUSD in obtaining money so that AUSD would not need to develop housing; an item was tabled until the Youth Commission survey results are obtained; rumor is that Pacific Gas & Electric (PG&E) is going to apply commercial rates instead of municipal rates to school districts; the subcommittee is requesting that the City ensure continuation of the past policy regarding the School District getting municipal rates; the School District is having difficulty maintaining after school programs through a grant; having Recreation and Parks take the programs is a problem because of PERS requirements; the Interim City Manager has been requested to help with the issue; the subcommittee is recommending that the Council and School Board convene a meeting in the fall similar to the 2007 Joint Meeting; the next subcommittee meeting is tentatively scheduled for September 1st; provided a handout.

Vice Mayor deHaan noted Councilmember Tam raised the issue of getting the School District to join in on waste recycling.

Councilmember Matarrese stated that the subcommittee will discuss waste management and disposal for the schools.

Councilmember Tam stated the School District needs to implement energy efficiency programs; Alameda Municipal Power (AMP) is willing to help secure grant funding.

(10-305) Councilmember Tam stated that she attended the League of California Cities Legislative Action Day on June 2nd, which was organized by diversity caucuses within the League; the event was very well attended; the State budget issue seems to be the major topic; the State is at a recessionary troth; the General Fund revenues for Fiscal Year 2010 are running slightly ahead of the State budget forecast; by the end of May, the State will see General Fund revenues about \$300 million over forecast; a budget is being proposed to close the \$19 billion gap; the budget compromise includes paying off cities for funds borrowed in order to minimize the debt service by approximately \$5

billion; the Governor is proposing an insurance surcharge on home premiums in order to pay for emergency response and is looking at increasing booking fees to help raise \$1 billion for fire protection; Councilmembers throughout the cities have urged their legislative delegation not to take any more redevelopment money.

(10-306) Mayor Johnson inquired when the vehicle parking ordinance is coming back to Council, to which the Deputy City Manager – Administrative Services responded at a meeting in July.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the meeting at 12:11 a.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JUNE 15, 2010- -5:00 P.M.

Mayor/Chair Johnson convened the meeting at 5:15 p.m.

Roll Call - Present: Councilmembers/Commissioners deHaan, Gilmore, Matarrese, Tam and Mayor/Chair Johnson – 5.

Absent: None.

The meeting was adjourned to Closed Session to consider:

(10-271 CC) Conference with Legal Counsel – Anticipated Litigation; Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; Number of cases: One.

(10-272 CC) Public Employee Performance Evaluation (54957); Title: City Attorney.

(10-273 CC) Conference with Legal Counsel – Anticipated Litigation; Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; Number of cases: One.

Following the Closed Session, the meeting was reconvened and Mayor/Chair Johnson announced that regarding Anticipated Litigation [paragraph no. 10-271], Council received a briefing from its Legal Counsel; no action was taken; regarding City Attorney, Council directed the City Attorney to bring back her goals and objectives by the second meeting in September, 2010; no action was taken; and regarding Anticipated Litigation [paragraph no. 10-273], Council received a briefing from Legal Counsel regarding a matter of potential litigation; no action was taken.

Mayor/Chair Johnson called a recess at 7:30 p.m. and reconvened the meeting at 1:30 a.m.

The meeting was adjourned to Closed Session to consider:

(10-274 CC) Conference with Legal Counsel – Anticipated Litigation; Initiation of litigation pursuant to subdivision (c) of Section 54956.9; Number of cases: One.

(10-275 CC/10-42 CIC) Conference with Real Property Negotiator; Property: 1590 and 1616 Fortmann Way; Negotiating Parties: Warmington Homes, City of Alameda and CIC; Under Negotiations: Price and terms.

Following the Closed Session, Mayor/Chair Johnson announced that regarding Anticipated Litigation, Council received a briefing on a matter of anticipated litigation and provided direction to Legal Counsel; and regarding Real Property, the Council and Commission received a briefing from its real property negotiator regarding potential sale of City-owned property to Warmington Homes.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the meeting at 2:10 a.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, CIC

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE REGULAR ALAMEDA PUBLIC
FINANCING AUTHORITY (APFA) MEETING
TUESDAY- -JUNE 15, 2010- -7:01 P.M.

Chair Johnson convened the meeting at 12:21 a.m.

Roll Call - Present: Authority Members deHaan, Gilmore, Matarrese, Tam and Chair Johnson – 5.

Absent: None.

Consent Calendar

(10-03) Minutes of the Annual APFA Meeting of March 16, 2010 and the Special APFA Meeting of June 1, 2010. Approved.

Authority Member deHaan moved approval of the minutes.

Authority Member Matarrese seconded the motion, which carried by unanimous voice vote – 5.

(10-04) Resolution No. 10-20, “Authorizing the Issuance of Its 2010 Local Agency Refunding Revenue Bonds (Harbor Bay CFD and Marina Village AD), and Approving Documents and Authorizing Actions in Connection Therewith.” Adopted.

Authority Member Matarrese moved adoption of the resolution with amendment to include 6% present value savings.

Authority Member deHaan seconded the motion, which carried by unanimous voice vote – 5.

Agenda Items

None.

Oral Communications

None.

Board Communications

None.

Adjournment

There being no further business, Chair Johnson adjourned the meeting at 12:23 a.m.

Respectfully submitted,

Lara Weisiger
Secretary

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA) MEETING, AND
THE ANNUAL COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JUNE 15, 2010- -7:02 P.M.

Mayor/Chair Johnson convened the meeting at 12:24 a.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners
deHaan, Gilmore, Matarrese, Tam and Mayor/Chair
Johnson – 5.

Absent: None.

CONSENT CALENDAR

Councilmember/Board Member/Authority Member Gilmore stated page 4 of the minutes should include the Power Point presentation given by Stan Brown, SunCal.

The City Clerk stated the minutes would be revised and brought back at the next meeting.

Councilmember/Board Member/Commissioner deHaan moved approval of the remainder of the Consent Calendar.

Councilmember/Board Member/Commissioner Matarrese seconded the motion, which carried by unanimous voice vote – 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(10-305 CC/ARRA/10-42 CIC) Minutes of the Special Joint City Council, ARRA and CIC Meeting held on June 1, 2010. Continued.

(10-43 CIC) Resolution No. 10-166, “Authorizing Execution and Delivery of an Agreement Regarding Refunding of Authority Bonds.” Adopted.

Commissioner Matarrese stated the resolution should be amended to include the 6% present value savings.

The City Clerk stated the 6% present value savings does not need to be in the CIC resolution, only the corresponding Alameda Public Finance Authority (APFA) resolution [paragraph no. 10-04 APFA].

Commissioner Matarrese moved adoption of the resolution.

Commissioner deHaan seconded the motion, which carried by unanimous voice vote – 5.

CITY MANAGER/EXECUTIVE DIRECTOR COMMUNICATION

(10-306 CC/ARRA/10-44 CIC) Semimonthly Update on SunCal Negotiations

The Deputy City Manager – Development Services provided a handout and gave a brief presentation.

Mayor/Chair Johnson inquired whether Stan Brown, SunCal, was here to speak or answer questions, to which Mr. Brown responded to answer questions.

Vice Mayor/Board Member/Commissioner deHaan stated a lot of people would like to see the former Naval Base cleaned up; inquired whether SunCal is phone banking.

Mr. Brown responded in the affirmative; stated SunCal has been contacting supporters; SunCal is urging supporters to let the Council/Board Members/Commissioners know that there is broad support.

Vice Mayor/Board Member/Commissioner deHaan inquired whether SunCal is intending to clean up the former Naval Base.

Mr. Brown responded in the negative; stated the intent of the communication is for supporters to express continued support.

Vice Mayor/Board Member/Commissioner deHaan inquired whether the communication is coming from SunCal staff, to which Mr. Brown responded the communication is coming from a consultant hired by SunCal.

Vice Mayor/Board Member/Commissioner deHaan inquired what is the name of the consultant, to which Mr. Brown responded he does not know.

Vice Mayor/Board Member/Commissioner deHaan inquired whether the transcript and consultant's name could be provided, to which Mr. Brown responded in the affirmative.

Speakers: Jon Spangler, Alameda; William Smith, Alameda.

(10-307 CC/ARRA/10-45 CIC) Status Report of Finalized Navy Term Sheet Mandatory Milestone pursuant to Exclusive Negotiating Agreement Section 4.2.2.

The Deputy City Manager – Development Services gave a brief presentation.

Councilmember/Board Member/Commissioner Matarrese stated \$108 million would have provided the Navy with profit participation when the housing market was hot and was calculated based upon far less units than what is in the Optional Entitlement Agreement (OEA); requested that future analysis project 5,000 units instead of 1,700 units.

The Deputy City Manager – Development Services stated that she would apply the formula specified in the draft Navy term sheet to the project to see what the land payment would be.

Councilmember/Board Member/Commissioner Tam inquired whether the base project is the Measure A compliant plan and whether the density bonus option is higher; further inquired whether the two ranges would be analyzed in the Environmental Impact Report (EIR).

The Deputy City Manager – Development Services responded project alternatives have not been analyzed, but staff is close to finalizing a project description; stated the project description includes the base project and density bonus option; staff is studying two build-out scenarios.

Councilmember/Board Member/Commissioner Tam stated one hybrid project is being analyzed; inquired whether the base project and hybrid project would be analyzed when the Navy term sheet is developed in accordance with the Exclusive Negotiating Agreement (ENA).

The Deputy City Manager – Development Services responded staff has not started negotiations on the modified OEA; stated staff has significant concerns with the project pro forma, and does not want to enter into land payment negotiations with the Navy; that she assumes that final term sheet negotiations would be based upon the density bonus option project because SunCal wants to build said project.

Councilmember/Board Member/Commissioner Tam stated that she recalls receiving an email inviting Council, the Interim City Manager, and the Deputy City Manager – Development Services to some type of outreach with the Navy; subsequently, the Interim City Manager sent an email reminding Council that a Council subcommittee was formed; inquired whether the subcommittee ever met with the Navy and the Pentagon is unclear; inquired whether the staff report asserts that SunCal may be in breach of the Agreement because of what may have been a meeting with the Department of Defense that included the Navy.

The Deputy City Manager – Development Services responded in the affirmative; stated that she was on a conference call with SunCal in which SunCal notified both the City and Navy that they would like to set up a meeting with the Department of the Navy in Washington, D.C.; that she and the Base Realignment and Closures (BRAC) Office in San Diego requested to be invited; several times, the BRAC Office asked when the meeting might occur; she and the BRAC Office were never notified.

Councilmember/Board Member/Commissioner Tam inquired whether the Deputy City Manager – Development Services knows what the meeting was about.

The Deputy City Manager – Development Services responded the BRAC Office informed her that the meeting did occur; stated conveyance term details were not

discussed at the meeting; SunCal requested that the Navy support the six month ENA extension.

Councilmember/Board Member/Commissioner Tam inquired whether the Deputy City Manager – Development Services' made a determination that there was a breach of the Agreement.

The Deputy City Manager – Development Services responded that she did not make the determination, but staff and the legal team made the determination that the City was supposed to be notified and invited to attend the meeting; that she was not invited to the meeting or a subsequent negotiation session.

Councilmember/Board Member/Commissioner Gilmore inquired whether or not the Washington, D.C. meeting was an outcome of the email which invited Council, the Interim City Manager and Deputy City Manager – Development Services to the meeting and reminded everyone that the subcommittee had been formed.

The Deputy City Manager – Development Services responded the meeting may have been; stated that she was never provided with a date or invited to attend.

Councilmember/Board Member/Commissioner Tam requested clarification on what transpired in Washington, D.C. and how communication occurred.

Mr. Brown stated initially, the meeting was with the Department of Defense; that he heads SunCal's renewable energy plan; SunCal wanted to discuss opportunities to sell power to the federal government; solar power issues were discussed; negotiating was not done; the status of the ENA was discussed; that he still wants the Council subcommittee meeting to occur.

Councilmember/Board Member/Commissioner Tam inquired whether meeting discussions were communicated to staff.

Mr. Brown responded that he called the Interim City Manager the next day; stated the Interim City Manager returned his call but he and the Interim City Manager were unable to connect; that he believes that SunCal CEO Frank Faye sent a text message to the Mayor regarding the meeting; the meeting was not focused on Alameda Point; that he strongly disagrees with the breach of Agreement position; the Agreement has a specific provision that states the developer is authorized to communicate directly with the Navy regarding the project or project site as long as the developer keeps the City informed.

The Interim City Manager/Executive Director stated Mr. Brown's phone call was after the fact; Mr. Faye advised her that he would take direction from Council and not the subcommittee.

Mayor/Chair Johnson inquired whether SunCal requested the Navy to support an ENA extension.

Mr. Brown responded that SunCal indicated that the ENA would be ending soon and that SunCal wanted to remain involved in the project.

Mayor/Chair Johnson inquired if the conversation included whether the Navy supports the ENA extension, to which Mr. Brown responded briefly.

Vice Mayor/Board Member/Commissioner deHaan stated Section 20-1 states that SunCal is not to meet or engage in negotiations with the Navy concerning the project or project site without giving advanced, reasonable notice to the City in order to give the City an opportunity to negotiate with SunCal and the Navy at such meeting; inquired what is Mr. Brown's interpretation of said Section.

Mr. Brown responded that he concurs that the statement is the first sentence of the Section; however, the second sentence states "notwithstanding anything to the contrary in the foregoing, developer is authorized to communicate directly with the Navy regarding the project and project site as long as the developer promptly keeps the City informed of such communications"; stated SunCal made no attempt to negotiate with the Navy without the City being present.

Councilmember/Board Member/Commissioner Tam inquired how the meeting came about; further inquired whether Mr. Brown just happened to be in Washington, D.C.

Mr. Brown responded in the negative; stated SunCal does a fair amount of business with the Department of Defense; originally, SunCal was talking to the Department of Defense regarding solar opportunities; SunCal has been pursuing entering into a Power Purchase Agreement to sell power to the armed services; the opportunity came to head at the meeting.

Councilmember/Board Member/Commissioner Tam stated that it does not sound like a meeting was planned to follow up on Council's opportunity to meet with the Navy; inquired whether SunCal informed City staff immediately after the meeting.

Mr. Brown responded in the affirmative; stated SunCal still wants to meet with senior Navy staff, Councilmembers, and City staff to negotiate terms of the Agreement; one frustration has been that SunCal desires to have communications with the Navy but the City has not been willing to schedule a joint meeting because of pro forma concerns and other issues; the situation is curious in that after a year of requesting to have a joint meeting, SunCal is considered to be in breach of the Agreement.

Councilmember/Board Member/Commissioner Tam inquired what is the path to the resolution of pro forma issues.

The Deputy City Manager – Development Services responded staff has been working on the new pro forma for less than two months; stated an extensive report was attached to the June 1, 2010 staff report regarding the pro forma; staff was directed to sit down

and resolve some of the issues; staff met with SunCal today; that she advised Mr. Brown that staff discussed different assumptions and related, rational assumptions; staff would meet with the consultant [EPS] today to discuss issues; conversations would continue on Thursday.

Councilmember/Board Member/Commissioner Tam inquired when staff expects issues to be resolved.

The Deputy City Manager – Development Services responded resolving issues is not just up to staff; stated negotiations are mutual.

Councilmember/Board Member/Commissioner Tam inquired when SunCal expects issues to be resolved.

Mr. Brown responded today's phone call was productive; stated that he is unfamiliar with EPS's housing methodology and pricing; EPS feels that the unit value approach versus square footage is the appropriate value measurement; that he disagrees with said analysis; today, EPS was unable to advise him why it considered SunCal's construction costs to be too low; EPS wants to compare the project to Bayport, which has very few water views; water views are probably why SunCal has a higher premium in its pro forma; that he is not sure when issues would be resolved to bring closure.

The Deputy City Manager – Development Services stated staff will be coming back on July 7th to provide an update.

Mayor/Chair Johnson inquired what is the status regarding school facility issues.

Mr. Brown responded SunCal has had meetings with the School District; stated that he is not sure whether changes have occurred in the last month or so; the School District is evaluating facility needs; SunCal has provided two school sites within the plan.

Mayor/Chair Johnson stated school site placement has been an issue.

Mr. Brown stated the he is unaware of any location issues, but SunCal would be happy to engage in said conversation; the issue is a normal give and take process and would be part of the EIR.

Mayor/Chair Johnson inquired whether SunCal is working on a transportation plan.

Mr. Brown responded transportation planning is a big part of the budget; stated SunCal is finding its own expert to advance the ball on transportation and transit issues; alternatives are being reviewed; SunCal realizes that issues need to be fully mitigated in order for a plan to be viable and approved by the City; SunCal recognizes that transportation issues cannot become worse and is willing to work with its own consultant in addition to the joint consultant retained through the EIR.

Mayor/Chair Johnson inquired whether the EIR would provide an option for fewer housing units.

Mr. Brown responded an alternative to be studied in the EIR has not been identified; stated work still needs to be done; typically, one option would be to have a lower level of development proposed; the EIR consultant and staff, along with comments from SunCal, would develop an alternative to be studied for a reasonable, smaller project.

AGENDA ITEMS

(10-46 CIC) Public Hearing to Consider Resolution No. 10-167, "Approving and Adopting the Five-Year Implementation Plan for the Business and Waterfront and the West End Community Improvement Projects (2010-2014)." Adopted.

The Economic Development Director gave a Power Point presentation.

Commissioner Gilmore thanked the Economic Development Director for the presentation; stated sometimes the City gets busy pushing ahead on the next project and does not take the opportunity to look back on accomplishments; the City has changed for the better.

The Economic Development Director stated policy decisions have been put in place with a lot of community input; this is the time for the City to talk about the impact that projects have had on the community; in the last couple of years, funding projects without redevelopment agency support has been difficult; the construction trade is the hardest hit unemployment group in Alameda County.

Commissioner Tam stated that she would like to echo appreciation to staff; all Councilmembers throughout the State are telling their legislature that redevelopment funds are an economic engine and create jobs; inquired whether the City has a strategy for locating retail sites.

The Economic Development Director responded the City has a number of different retail opportunities which are not necessarily within the redevelopment project area boundaries; stated Alameda Landing has an opportunity for up to 300,000 square feet of retail; the City has identified how much the City could handle through a saturation invoice and retail leakage analysis; the Catellus Agreement has a retail marketing plan in which Catellus has to meet quarterly with the City; Catellus needs to update the retail strategic planning analysis if it deviates from its basic retail plan; the Marina Village Shopping Center has issues; Bridgeside Shopping Center never finished leasing its property; the City needs to work on the strategic retail side.

Speaker: Former Councilmember Tony Daysog, Alameda.

Commissioner Matarrese moved adoption of the resolution.

Commissioner Tam seconded the motion, which carried by unanimous voice vote – 5.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the meeting at 1:32 a.m.

Respectfully submitted,

Lara Weisiger
City Clerk
Secretary, CIC

The agenda for this meeting was posted in accordance with the Brown Act.